

WEST VALLEY SCHOOL DISTRICT NO. 363
Spokane County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Findings

1. The District Should Monitor Associated Student Body (ASB) Activities And Ensure That State Laws And The School Accounting Manual Are Followed

Our review of the district's ASB funds identified the following internal control weaknesses at the high school:

- a. Funds are not deposited intact. From the money collected, club advisors are paying bills outside of the authorized ASB system.
- b. Inadequate internal controls over most fundraising activities. The district is unable to provide evidence that all fundraising money collected went to the ASB.
- c. The schools are using Redi-form receipt books. The issuance of these receipt books is not controlled. Therefore, the district is unable to ensure that cash receipted at the school level is deposited at the district level.
- d. The high school did not note mode of payment (cash/check) on the receipts.
- e. Expenditures were made from the ASB fund without obtaining adequate supporting documentation.

WAC 392-138-035 states in part:

All associated student body moneys, upon receipt, shall be transmitted intact to the district depository bank and then to the county treasurer for deposit to the credit of the "associated student body program fund" of the school district

Accounting Manual for School Districts, Chapter III, Sec. G-4, page 7, states in part:

Supporting documentation must be retained and either attached to the vouchers or canceled by the auditing officer to prevent reuse.

When weak internal controls exist it increases the likelihood that money will be lost or stolen and not be detected in a timely manner, if at all.

The *State of Washington Accounting Manual for School Districts* policies and procedures were not adequately being followed at the school level.

We recommend that the district:

- a. Deposit funds intact.

- b. Improve internal controls and obtain adequate documentation to ensure all fundraising money is receipted.
- c. Establish accountability over receipt books. Schools should use only preaddressed and prenumbered receipt books.
- d. Ensure that all cash receipts indicate mode of payment.
- e. Obtain original invoices and/or adequate supporting documentation to support the ASB purpose of the expenditure.

WEST VALLEY SCHOOL DISTRICT NO. 363
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Schedule Of Federal Findings

1. Chapter 1 Expenditures Should Comply With Federal Regulations

The district allocated payroll and travel costs to the Chapter 1 program without adequate supporting documentation. This includes:

- a. Salary and benefits charges for the special services director based on a percentage of estimate of time in the program. The time and effort documentation is not based on actual time spent on federal program.
- b. Travel costs are based on a travel allowance percentage allocation. Travel costs are not charged based on actual basis, per diem or mileage costs. No supporting documentation is retained to support actual cost of travel.

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments*, Attachment B, Paragraph 10, states in part that:

. . . Payroll must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort

Attachment B, paragraph (28), states in part that:

. . . Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business incident to a grant program. Such costs may be charged on an actual basis, or on a per diem or mileage basis in-lieu-of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip

Because the district failed to document appropriate time distribution and travel records to support charges to the Chapter 1 program, we question \$13,859.43. The Chapter 1 program was charged the following without proper supporting documentation:

Special services director travel allowance for the 1993-94 school year \$75 month for a total of \$750.

Special services director salary for supervision and instruction for the 1993-94 school year of \$13,109.43.

The district's management contends they prepared appropriate time distribution and travel

records to meet the requirements.

We recommend the district establish an appropriate time distribution system for the Chapter 1 program.